

## **RISK FACTOR VERIFICATION**

### **Risk Factors**

1. Both Individual Risk Factors (IRFs) and Group Risk Factors (GRFs) are numeric values rounded to 4 decimal places of precision.
2. The minimum value for both IRFs and GRFs is 1.0
3. There is not a maximum value for an IRF
4. The maximum value for a GRF is 1.3/0.7 which when rounded to 4 decimal places of precision is 1.8571.

### **Initial Underwriting**

This section covers the rules that the initial underwriting (i.e. Primary and Secondary) carriers must follow.

1. Each carrier will provide an Individual Risk Factor (IRF) for each enrolling applicant and a Group Risk Factor (GRF) for the group.
2. Even if a carrier happens to be a participating carrier (a participating carrier this is a member of the UHE), the carrier is still required to provide a GRF that is reflective of the applications. It is ok for the medically underwritten derived GRF to be higher or lower than the Renewing Group GRF<sup>1</sup>.

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<sup>1</sup> When a group is currently insured outside the UHE with a participating carrier, it is the responsibility of the UHE, not the individual carrier, to return a GRF that is the lesser of the Renewing Group GRF or newly underwritten GRF.

## Mediation

This section covers the rules that the mediating carrier must follow.

1. If and only if the difference between the GRFs of the initial carriers is greater than 0.2 then the mediating carrier will medically underwrite the group and provide their GRF. The mediator may determine its own IRFs in the process of determining its GRF, but will not enter them except when the initial carriers IRFs differ by more than 0.4.
2. Even if the mediating carrier happens to be the incumbent carrier the carrier is still required to provide a GRF that is reflective of the applications. It is ok for the medically underwritten derived GRF to be higher than the Renewing Group GRF<sup>1</sup>.
3. For each applicant where the difference between the two IRFs is greater than 0.4, and ONLY for these applicants, the mediating carrier will medically underwrite the individual application and provide its own IRF.
4. The values that the mediating carrier returns to the UHE for (only) the IRFs and GRFs that are outside of defined tolerance calculations need to follow the rules for Risk Factors in general and are not subject to further bounding.

## Final Risk Factor Calculations

This section covers the rules that the Utah Health Exchange must follow relative to risk factors.

### Calculating Final IRF

Calculating the final IRF is a single setup process as follows.

1. Each applicant will be assigned a final UHE IRF. This IRF is calculated by averaging the 2 closest IRFs provided by the carriers. If there are 3 IRFs, mediating factors are equidistant, then the average of the three IRFs will be utilized.

### Calculating the Final GRF

Calculating the final GRF can be a two step process as follows.

1. Each group will be assigned a preliminary UHE GRF. This GRF is calculated by averaging the 2 closest GRFs provided by the carriers. If the mediating factor is equidistant, then the average of the three GRFs will be utilized.
2. Assuming the incumbent carrier's renewal effective date and requested UHE plan effective date are the same, the Final GRF is the lower of the preliminary UHE GRF and the incumbent carrier's renewal GRF (if any). If the incumbent carrier renewal effective date and request UHE plan effective date differ, the Final GRF is equal to the GRF assigned in step #1 above.